

## Memorandum

To: Lisa Briggs

From: James Ingram

Re: Should the Charter be Amended such that SDCERS Opts into CalPERS?

Date: August 25, 2007

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The Subcommittee on Financial Reform expressed interest in the issue of whether SDCERS should be replaced by City employee participation in CalPERS, which is the largest retirement system in the world. Staff thought it important to point out the conditions under which the San Diego Charter presently allows such action. If the Mayor and Council favored this action, and a majority of the active membership of SDCERS approved it, and the vested rights of the active and retired members under SDCERS could be protected, there is nothing preventing the City from pursuing this course. Obviously, the City would need to find whether CalPERS would approve such action, and if so, whether the City could afford to opt into that pension system. If the Subcommittee wanted to permit the City to participate in CalPERS, Charter Section 148.1 allows this at present. However, if the Subcommittee wanted to mandate that SDCERS become part of CalPERS, then Charter Section 148.1 would be an efficient location to amend the Charter in a way that would not require altering all of Article IX. I have reproduced below the current language of the Charter regarding this matter:

"SECTION 148.1. AUTHORITY TO CONSOLIDATE CITY EMPLOYEES' RETIREMENT SYSTEM WITH STATE OF CALIFORNIA RETIREMENT SYSTEM AND/OR U.S. GOVERNMENT SOCIAL SECURITY.

Notwithstanding any of the provisions of this Article IX to the contrary, the Council may, with the approval of a majority of all active members of the City Employees' Retirement System, enter into a contract with the State of California wherein said employees shall be entitled to become members of and enjoy all of the benefits of the State Retirement System for state employees, and/or with the U. S. Government for the conferring of Social Security benefits upon such municipal employees; provided, however, that in any such contract provision shall be made for protecting and safeguarding any and all vested rights of the active and retired members of the City Employees' Retirement System as it exists under this Charter."